

RELATIONS DIVISION
Committee on China

Committee Minutes - 178th Meeting - 2 September 1958 25X1A9a

D/S Representatives:

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Guests:

1. Press reports of August 18 announced the establishment of "people's communes" in Honan Province. According to the articles, the movement to set up communes began in April, reached "high tide" in July and was basically completed by the end of that month. The commune is formed by combining collectives and, as a unit, engages in industrial, commercial, financial and cultural activities in addition to agricultural production and marketing. After reorganization, the original collectives become "large production teams." The general pattern of consolidation is reportedly several hsiang to one commune, or one commune to each hsiang.

COMMENT: Apparently this is part of the program for decentralization of the countryside, which Mao referred to earlier this year, and is an effort to further broaden the socialist base. This communalization movement, so far as is known, has been confined to two provinces, Honan and Hopeh, where a tremendous harvest this year serves to support the regime's efforts in attempting the movement at this time. Since wages will be paid, the Chinese version deviates from a true commune in the purest sense. The questions remain, however, as to how much resistance there will be to this attempt at further socialization, and as to whether China will succeed where the USSR failed in its attempts at communalization.
25X1A9a [REDACTED], H/AG

2. According to a Chinese announcement, the 1,000 km Pao-t'ou - Lan-chou rail line was completed 30 July.

COMMENT: There is no indication of a date for initiation of traffic on this line. It traverses a large area in Inner Mongolia and Kansu Province previously not served by rail and provides a shorter connection between the Lung-hai and Trans-Sinkiang lines and the Trans-Mongolian line. The Chinese expect that the traffic burden on the western portion of the Lung-hai line, which has suffered from congestion in the past, will be reduced with the opening of the Pao-t'ou - Lan-chou line. This line reflects the continuing interest in the establishment of good modern transport connections with the formerly remote western areas in China.

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3. A new rail connection with the Soviet border has been provided by the restoration of the Mi-shan - Hu-lin line in northeastern Manchuria (southeastern Heilungkiang Province). The line was opened to traffic on 25 July after four months of reconstruction. The line serves a vast agricultural reclamation area in China.

COMMENT: This line has remained unrepaired since World War II. The Chinese border terminal, Hu-lin, is across the Ussuri River from the Soviet terminal of Inan on the Trans-Siberian railroad. Since there are no known bridges or ferries across the river, it is not likely there will be much international traffic on the rail line. This is the first Chinese rail connection with the Ussuri River (a tributary of the Amur) and should facilitate the flow of traffic from these rivers into the Chinese land transportation system.

25X1A9a [REDACTED], TR.

4. An ammonium bicarbonate pilot plant for the production of chemical fertilizer in Shanghai reportedly went into operation in May. There has been no comment by the Chinese on successful production at the plant since that time.

COMMENT: The large expansion planned for the chemical fertilizer industry is to be based largely on success in the new, small plant program. There is considerable doubt that the Chinese possess the capability to supply equipment in both quality and quantity for the many new plants scheduled to be built. The omission of comment on the operations at the Shanghai plant may indicate that expected difficulties have materialized. Performance of the equipment in the pilot plant and subsequent trial operations must be observed before progress in the expansion program can be determined. At any rate, reports indicate that the aspirations and claims of the regime are now being supplanted by the realities of the expansion program.

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Agenda: The next meeting will be 16 September, at 1400, Room 1121 M.
Current items will be discussed.

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